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CIAer forced Ron's OK

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WASHINGTON — John McMahon, former deputy director of the CIA, arranged a secret and apparently illegal flight of U.S. weapons to Israel and Iran last November, but then dug in his heels and demanded formal presidential authorization for any further flights, sources said yesterday.

McMahon may have paid for this lack of "cooperation" by losing his job, Sen. Daniel P. Moynihan (D-N.Y.) said. Apparently at McMahon's insistence, President Reagan agreed to issue a formal "finding" to authorize the secret and controversial weapons shipments to Iran in January 1986—and McMahon unexpectedly retired two months later.

Job with Lockheed

"I'd like to know why McMahon was forced out of the government," Moynihan said. McMahon, 57, had spent 34 years in the CIA, and currently works as an executive vice president for the Lockheed Corp., in California. He was not available for comment.

At the time of his retirement last March, McMahon issued an unusual statement declaring that he was leaving the CIA for purely personal reasons, and asserting, "I support the President's policy in Afghanistan, Nicaragua and the Third World at large and execute his directives to the fullest extent."

A number of conservative groups, however, claimed

"victory" over McMahon, accusing him of having opposed a Reagan plan to equip Afghan rebels with sophisticated anti-aircraft missiles. Aid to the Afghan rebels was supervised in part by the National Security Council's Lt. Col. Oliver North, who was fired by President Reagan last Tuesday for diverting funds from the Iran arms sales to Nicaraguan rebels.

Don't tell Congress

At the time of McMahon's departure, there was no public mention of the secret arms sale to Iran. The President's January directive ordered CIA Director William Casey not to report the operation to Congress, despite a 1984 agreement that any operation authorized by a presidential "finding" must be reported to the House and Senate intelligence committees in advance.

"Casey himself was involved in this very early on, but his attitude was, 'Don't tell me things I don't have to know,'" an intelligence source said. "And I believe that probably he didn't know everything that was going on—but he knew that he didn't know, and that there was something there to be known. That's the way the intelligence game is played."

Intelligence sources said that in November 1985, while Casey was on a trip to China, McMahon was asked to authorize the use of Southern Air Transport to fly materials, which he believed to be oil-drilling equipment, to Israel.

Embargo lifted

At the time, a presidential embargo on selling arms to Iran was still in effect, and any arms shipment would have violated the presidential embargo as well as the Export Administration Act and the Arms Export Control Act. The presidential embargo was lifted by Reagan's directive, signed on Jan. 17, 1986.

"McMahon okayed the use of Southern Air just once, and said the next time he wanted a presidential signature," a source said. "The big question is whether it was McMahon who forced the President to get involved in this by making him sign the 'finding.' Not long after that, McMahon was forced out."

Casey was described as personally fond of McMahon, a fellow Irishman and a graduate of Holy Cross who had spent his whole life in the CIA.

— Richard Helms, a former CIA director who also knew McMahon, insisted that his real reason for leaving the CIA was personal.

"He just wanted to make some money," Helms said. "He had his time in. He divorced his wife, and he got a job with Lockheed. A lot of things just came together."

One Democratic congressman who asked not to be named predicted that Casey too might have to be sacrificed before Capitol Hill is satisfied that Reagan has corrected the flaws in his foreign-policy staff. "Unless the White House acts to get rid of Casey, this is going to be an open wound," he said.